

Message Text

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TAGS: OREP (PERCY, CHARLES) ETRD PFOR CH US

SUBJECT: HIGHLIGHTS OF CODEL PERCY/JAVITS MEETING WITH PRC
FOREIGN TRADE VICE MINISTER

1. THIS TELEGRAM REPORTS HIGHLIGHTS OF A STATEMENT MADE
BY PRC FOREIGN TRADE VICE MINISTER CHAI SHU-FAN
DURING A MEETING WITH SENATORS PERCY, JAVITS AND
STEVENSON AND REPRESENTATIVE MCCLOSKEY ON AUGUST 5.
CHAI'S COMMENTS CAME IN RESPONSE TO QUESTIONS RAISED
BY THE CONGRESSMEN AND COVERED SINO-U.S. TRADE,
CHINA'S INTERNAL ECONOMY AND ITS ECONOMIC RELATIONS
WITH THIRD COUNTRIES.

2. SINO-U.S. TRADE. CHAI EXPRESSED OVERALL SATISFACTION
WITH THE GROWTH OF TRADE AND COMMERCIAL RELATIONS SINCE
1972, BUT SAID THERE WERE ALSO SOME PROBLEMS. THESE
HE LISTED AS (1) THE LARGE U.S. TRADE SURPLUS; (2) CHINA'S
INABILITY TO MEET U.S. REQUIREMENTS AND THE NEEDS OF
THE U.S. MARKET; AND (3) HIGH U.S. TARIFFS. CHAI
LINKED THE FUTURE GROWTH OF TRADE TO NORMALIZATION OF
DIPLOMATIC RELATIONS AND SAID UNTIL THE QUESTIONS OF
TARIFFS AND POLITICAL RELATIONS WERE RESOLVED TRADE
COULD NOT "FULLY DEVELOP". FOR THE LONG TERM FUTURE,
HOWEVER, CHAI SAID HE SAW GOOD PROSPECTS FOR

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SINO-U.S. TRADE.

3. GRAIN IMPORTS. CHAI SAID CHINA MIGHT AGAIN PURCHASE U.S. GRAIN IN FUTURE, BUT FOR THE PRESENT IT WAS NOT INTERESTED IN IMPORTING FROM THE U.S. "ANYWAY," CHAI SAID, "THE SOVIET UNION HAS ALREADY BOUGHT ALL OF YOUR GRAIN AND WE WILL NOT ADD TO YOUR BURDEN." CHARACTERIZING CHINA AS A LARGE COUNTRY WITH A HUGE POPULATION, CHAI SAID CHINA HAD TO RELY ON ITS OWN PRODUCTION BECAUSE NOT EVEN THE U.S. COULD SUPPLY CHINESE NEEDS. HE NOTED THAT CHINA WAS ALSO A GRAIN EXPORTER AND SAID IMPORTS WERE ONLY USED TO "REGULATE VARITIES".

4. PETROLEUM. AFTER DESCRIBING CHINA'S OIL INDUSTRY AS "JUST DEVELOPING" CHAI SAID FOREIGN SALES OF PETROLEUM MIGHT INCREASE BUT CHINA WOULD NOT BECOME A MAJOR EXPORTER BECAUSE OF ITS LARGE INTERNAL DEMAND. HE SAID CHINA IS NOW CONCENTRATING ON DEVELOPING ITS ON-SHORE FIELDS AND HAD ONLY MADE "SOME SURVEYS" OF ITS OFF-SHORE RESOURCES. THE EXTENT OF THESE RESOURCES WAS STILL UNKNOWN, HE SAID. ADMITTING THAT CHINA LACKED THE EQUIPMENT AND TECHNOLOGY FOR OFF-SHORE EXPLORATION AND PRODUCTION, CHAI SAID FUTURE PURCHASES FROM THE U.S. MIGHT BE POSSIBLE BUT DISCUSSIONS WOULD HAVE TO BE HELD IN COMMERCIAL CHANNELS.

5. CHINA'S FUTURE DEVELOPMENT. PLACING CHINA SQUARELY IN RANKS OF THE DEVELOPING WORLD, CHAI SAID IT MIGHT TAKE FIFTY TO ONE HUNDRED YEARS BUT CHINA WAS DETERMINED TO CATCH UP WITH THE WORLD'S ADVANCED COUNTRIES. CHINA WANTS A PEACEFUL INTERNATIONAL ENVIRONMENT FOR DEVELOPMENT AND ANYONE WHO SAYS IT WANTS WAR IS TALKING NONSENSE, HE SAID.

6. ON OTHER TOPICS, CHAI REITERATED THE STANDARD LINE THAT CHINA WOULD NOT ACCEPT LOANS OR FOREIGN INVESTMENT AND DESCRIBED THE USE OF DEFERRED PAYMENTS FOR SOME IMPORTS AS "NORMAL COMMERCIAL PRACTICE".. AT THE FORTHCOMING UN SPECIAL SESSION, CHAI SAID CHINA WOULD STAND WITH THE THIRD WORLD AND CTIRICIZE THE U.S. FOR LIMITED OFFICIAL USE

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PROMOTING ECONOMIC POLICIES WHICH WERE DETRIMENTAL TO THE INTERESTS OF DEVELOPING COUNTRIES. CHAI CHASTISED THE SOVIETS FOR DESERTING CHINA IN 1960, BUT SAID THE SOVIET WITHDRAWAL WAS REALLY BENEFICIAL BECAUSE IT FORCED THE PRC TO BECOME SELF-RELIANT.

7. ATMOSPHERICS. AFTER RECEIVING A LIST OF VERY SPECIFIC QUESTIONS FROM EACH CONGRESSMAN, CHAI

DELIVERED A RAMBLING, FORTY-FIVE MINUTE STATEMENT WHICH GAVE ONLY BROAD BRUSH TREATMENT TO THEIR INQUIRIES. CHAI REMAINED SMILING THROUGHOUT, BUT BECAME MOMENTARILY FLUSTERED WHEN SENATOR JAVITS ASKED HIM TO NAME U.S. PLICIES WHICH WERE HARMFUL TO DEVELOPING COUNTRIES. AFTER CONSULTING WITH HIS TRANSLATOR, CHAI FINALLY REPLIED THAT IT WAS NOT NECESSARY FOR HIM TO GIVE EXAMPLES SINCE THESE POLICIES WERE BETTER KNOWN TO THE AMERICANS. CHAI THEN LAUGHED WHEN JAVITS REPLIED THAT SINCE IT WAS A "DIPLOMATIC DISCUSSION" HE WOULD ACCEPT THE VICE MINISTER'S RESPONSE.

8. FULL MEMCON FOLLOWS BY POUCH.
BUSH

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